

**AGENDA ITEM:** Access Services: Multitype Pilot Loan Programs**GENERAL OVERALL PROGRAM UPDATES:****Focus Group on Interlibrary Loan and Direct Loan**

A focus group comprised of representative librarians from Library of California planning regions and State Library staff met on May 18 to review Himmel and Wilson's report, *Supporting Interlibrary Loan and Direct Loan Services in California's Multitype Library Environment*, and to advise and assist staff in developing recommendations for the Board regarding interlibrary loan and direct loan compensation. Consultant Joan Frye Williams was discussion leader and also wrote the summary report (Exhibit A).

The focus group did not follow the Himmel and Wilson recommendation to continue the current transaction-based reimbursement program and expand it to include all types of libraries, but instead suggested a multi-tiered, multitype library loan compensation program, where all participants received some level of compensation.

Briefly, the focus group consensus was to recommend a more creative approach to loan compensation, based on these concepts:

- Think "compensation," not "reimbursement"
- Provide sign-up incentives for new participants
- Don't limit compensation to cash payments
- Provide baseline compensation annually
- Compensate all loans, both interlibrary and direct (no net imbalance)
- Recognize the efforts of "top tier" lenders

Most of these proposals are outside current practice and may be outside current law. Because of this, participants felt that the group's work should be distributed to the library community for further comment before staff proposals are delivered to the Library of California Board for comment and direction.

Staff distributed the focus group report to the Library of California regional contacts, asking for comments from libraries in the Library of California planning regions. The report was also mounted on the Library of California Web site, and comments from the library community were solicited through postings on electronic discussion lists. Messages also were sent to all public library directors, CLSA system coordinators, and others interested in Library of California programs.

The number of responses received was low. Staff received comments from three county libraries, two academic libraries, and one CLSA cooperative library system, representing five of the seven planning regions. However, the comments were substantial and, in the case of one of the county libraries, very lengthy. Exhibit A is the focus group report annotated with the libraries' comments, which are italicized and in bold, and first appear on page four of the report. Exhibit B contains the comments as received from the six libraries.

While the respondents disagreed on many issues, their comments on three topics indicated a general consensus:

1. Issue: Not limiting compensation to cash payments.  
Response: In general, most of the respondents commented that either compensation should be limited to direct cash reimbursement or that cash reimbursement should always be an option not compromised by other options for services or products.
2. Issue: For both the interlibrary loan and direct loan programs, compensate all loans, instead of the current method of compensating all interlibrary loans but only net direct loans.  
Response: Respondents generally agreed that the CLSA net imbalance model of compensation for direct loans should be dropped in favor of all direct loans being eligible for some level of reimbursement.
3. Issue: Compensation should continue to be based on handling costs.  
Response: Respondents felt that the basis for compensation should continue to be primarily handling costs, although there was some concern that handling cost formulas based on advanced automated systems would unfairly penalize small special and school libraries, who may lack these technological resources.

### Additional Input

The time of year may have been a factor in the low amount of comments received; midsummer may not be the ideal time to ask libraries to review and comment on a report, short as it is, that has many new and challenging concepts. By comparison, 28 libraries commented on the preliminary Himmel and Wilson report in December 1999 and early January 2000. Staff originally set the July 15 cutoff date for receipt of comments in order to be able to include the comments in the August Board agenda packet. However, staff believes the planned activities related to this project for the remainder of the calendar year do allow time for additional comments to be received and incorporated into the planning and development process. Staff has therefore issued a notice soliciting additional comments on the focus group report and extending the deadline until September 15, 2000. In the announcement there is an emphasis on all comments from the library community being relayed directly to the

Board as well as an explanation of the need for urgency, since the Board is moving ahead in creating a loan compensation model for the Library of California.

### Next Steps

Staff plans the following activities in developing the Library of California interlibrary loan and direct loan programs during the next several months (some will be concurrent):

- ◆ Conduct a new cost study of the handling costs for interlibrary loan and direct loan. There must be a cost basis for any loan compensation plan either to determine a reimbursement rate or to use as a base value for other types of compensation, and both the focus group participants and the libraries submitting comments agreed that handling costs should be the primary consideration for this basis. The current CLSA method of computing handling costs is based on a 1985 cost study. The number of libraries now employing automated circulation systems, as opposed to manual systems, has increased dramatically since then. It is clear that the handling cost factors from the 1985 study must be reevaluated for their appropriateness in today's circulation methods and procedures. Also, current circulation systems must be examined for handling factors not included or in existence in 1985.
- ◆ Continue to invite comments on the focus group report from the library community.
- ◆ Begin to develop a model and compensation plan for delivery of interlibrary loan materials from the loaning library to the requesting library, as required by Library of California statute and regulation. Focus group participants agreed that document delivery was part and parcel of any loan program, as did several respondents, and staff has repeatedly heard similar comments while in the field.
- ◆ Develop a revised compensation model for Library of California interlibrary loan and direct loan programs. At its June 2000 meeting, the Board asked that the compensation model be presented to the Board at its February 2001 meeting.
- ◆ Begin to develop draft regulations for the interlibrary loan and direct loan components of Library of California access services.

### **Interlibrary Loan Pilot Program**

Exhibit C shows activity in the interlibrary loan pilot program during the past fiscal year, including the fourth quarter. The preliminary total cost for the 1999/2000 fiscal year is \$502,496. This is not the final figure, since the amount of the "fifth payment" was not known at the time this report was produced. This additional payment reflects a partial

offset of the amount withheld from prorated reimbursements (20%) during the past fiscal year.

Exhibit D shows fourth quarter (Apr – Jun) activity for each participating library.

Staff plans to offer a recommendation regarding the continuation of the interlibrary loan pilot program for the Board's consideration at its November 2000 meeting.

The table below compares transaction and preliminary cost totals for the CLSA and Library of California interlibrary loan programs for the 1999/2000 fiscal year. Both programs use the same prorated reimbursement rate.

<b><u>1999/2000 Interlibrary Loan</u></b>				
	Transactions		Reimbursements	
	CLSA	LoC	CLSA	LoC
Jul--Sep	342,370	45,402	780,604	\$103,516
Oct--Dec	286,166	49,840	652,458	113,635
Jan--Mar	291,496	67,042	664,611	152,856
Apr--Jun	267,150	58,109	609,102	132,489
Total *	1,187,182	220,393	2,706,775	\$502,496

\* Preliminary reimbursement totals; do not include fifth payment

In addition, public libraries loaned 4491 items to for-profit libraries and non-institutional government libraries during 1999/2000, and were reimbursed approximately \$12,800 from Library of California funds allocated for the ILL pilot program. These loans are not eligible for reimbursement under CLSA, but are eligible under the Library of California.

#### **RELATED ISSUES TO COME BEFORE THE BOARD IN THE FUTURE:**

1. What funding formulas are appropriate for the loan components of Library of California access services?
2. What onsite, patron referral services should be supported under the Library of California, and what funding formulas are appropriate?
3. How will electronic direct access services be defined, authorized, delivered, and funded?

Relevant Committee: Access Services

Staff Liaison: Tom Andersen

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